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Nineteenth Annual Report
OF THE
ALBERTA
LIQUOR CONTROL BOARD
OF THE
PROVINCE OF ALBERTA
1942

(FROM 1st APRIL, 1942, TO 31st MARCH, 1943)

PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY



EDMONTON:
Printed by A. Shnitka, King's Printer
1944

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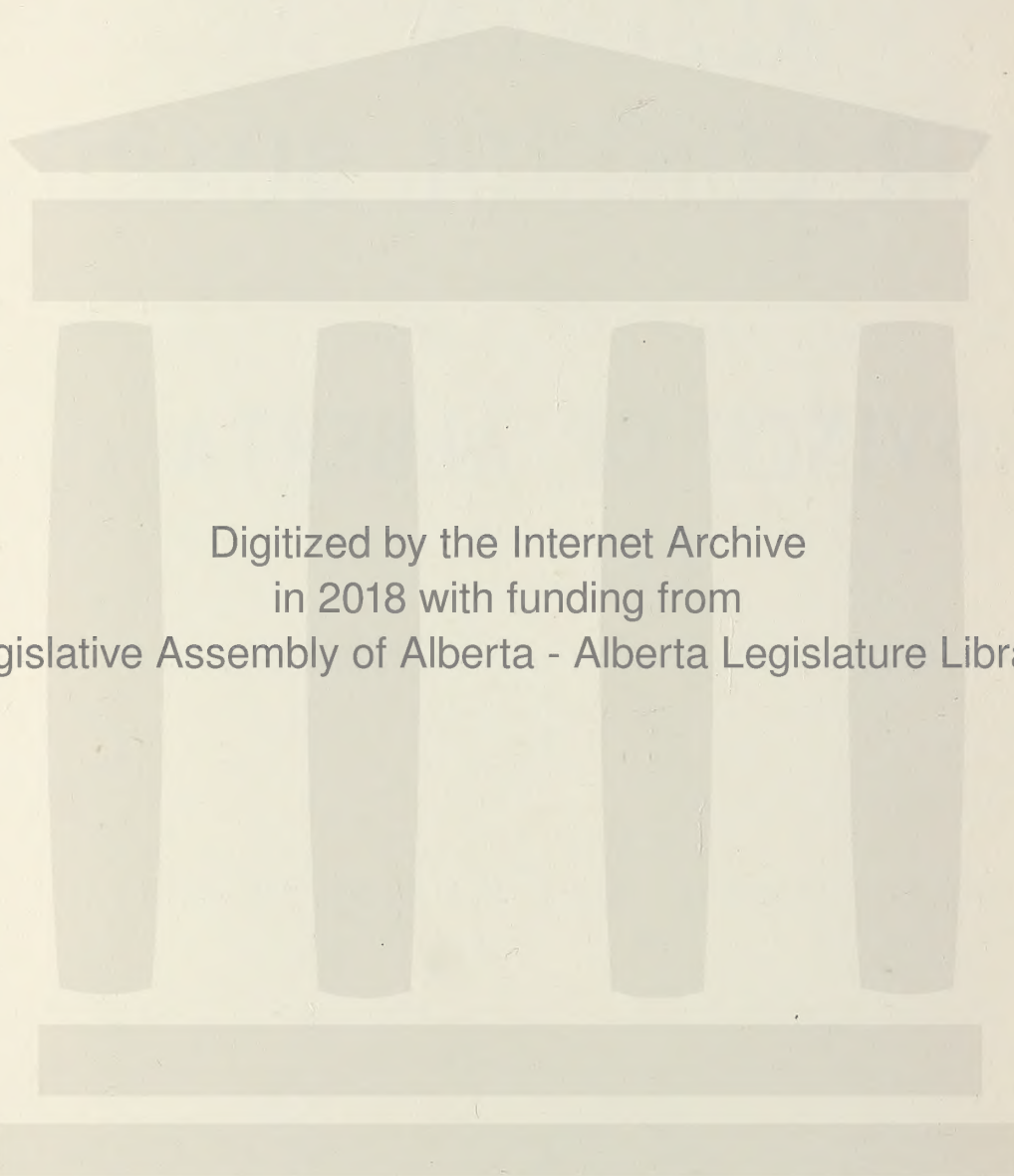
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ALBERTA LIQUOR CONTROL BOARD

Edmonton, Alberta, 9th February, 1944.

THE HONOURABLE SOLON E. LOW,

Provincial Treasurer,

Parliament Buildings,

Edmonton, Alberta.

Sir:

We have the honour to submit herewith the Report of the Alberta Liquor Control Board, covering the fiscal period from the 1st April, 1942, to the 31st March, 1943.

We have the honour to be, Sir,

Your obedient servants,

JOHN A. KING,

Chairman.

J. F. PERCIVAL,

Member.

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REPORT OF THE ALBERTA LIQUOR CONTROL BOARD

INTRODUCTION

The Alberta Liquor Control Board presents herein its Nineteenth Annual Report, which covers the Fiscal Year ended 31st March, 1943.

Financial Statements and Appendices, covering operations during that period, are incorporated.

RESTRICTIONS ON THE SALE OF LIQUOR AND BEER

In mid-December, 1942, the Federal Government announced that, effective as at and from 1st November, 1942, the sales of liquor, wine and beer were to be reduced below the quantities sold between 1st November, 1941, and 31st October, 1942, this period thereafter being generally referred to as "The Beverage Year."

The reductions were as follows: Beer, 10%; Wine, 20%; Spirits, 30%.

In the absence of prior information, sales up to the 17th December had been on an unrestricted basis, but as the reduction order was retroactive to 1st November, the position in mid-December was that supplies of all types of liquors had been heavily oversold, thus creating an acute distribution problem for the balance of the Beverage Year.

The immediate effect of these restrictions was to increase the demand for Liquor Permits.

Whereas, for the entire Calendar Year ending 31st December, 1941, 149,444 Individual Liquor Permits were sold, the total for the Calendar Year 1942 was 195,362, and during the first three months of 1943 alone, 163,745, as against 79,940 in the corresponding months of 1942.

This number was to increase materially during the year, but the figures are not applicable to this Report.

LICENSES

The five Breweries licensed in the Province continued to operate during the year.

Beer Licenses issued with respect to Hotel Properties, to the number of 379, were operative as at 31st December, at which date such Licenses expired.

Five Licenses were suspended, owing to infractions of the Liquor Control Act having been committed on the licensed premises.

The off-premises sale privilege at one hotel was withdrawn for a period of one week, as the licensee concerned failed to furnish the Board with satisfactory returns, as called for under Regulation No. 4.

Licensed Hotels throughout the Province have rendered valuable service to the travelling public, and in spite of restrictions and difficulties in obtaining supplies, the premises have been maintained in a creditable manner.

The Board is appreciative of the close co-operation extended by the Officers of the Alberta Hotel Association. This has been of particular value during the abnormal period through which we are passing.

Alberta Hotelmen have contributed, during the Fiscal Year, the sum of \$45,095.48, as a gift to the Dominion Government, to be used in any way the Senior Government may decide, for the furtherance of the War Effort.

Licenses were issued to 52 Clubs, which total includes 14 Golf and Country Clubs.

With one exception, Club Licensees conducted their premises in a satisfactory manner.

The License granted to one Fraternal organization was suspended for a period of three weeks, owing to unsatisfactory conduct of the club premises.

Canteens operated on behalf of the Armed Forces were licensed at 72 locations.

Details of Licenses issued and suspensions imposed will be found in Appendix "A".

LOCAL OPTION

No Local Option Plebiscites were held during the year.

LAW ENFORCEMENT

The Officers of the Royal Canadian Mounted Police, and of the City and Municipal Police Forces, have been active in their duties in enforcing the provisions of the Liquor Control Act.

To these Forces the Board extends its thanks.

MISCELLANEOUS

Permits to the value of \$100,347.00 were sold during the Year ending on 31st December, 1942. During the same period the Board cancelled 169 Permits.

Interdiction Orders received between 1st April, 1942, and 31st March, 1943, totalled 323, and the names of 355 persons were removed from the List, leaving 844 Interdictions in force as at 31st March, 1943.

Prescriptions to the number of 587, issued by Medical Practitioners, were filled at Government Liquor Stores.

Cash and Trade Discounts, amounting to \$14,524.45, were received by the Board, and these are shown in the Financial Statements.

The Vendors at Government Liquor Stores made 2,682,475 individual sales to permittees, at an average value of \$4.10.

Licensee orders totalled 45,964, and these were filled at the Board's Warehouses and Stores.

During the Fiscal Year the Board and the Alberta Breweries paid to the Dominion Government an amount in excess of \$4,746,000.00, by way of Customs and Excise Duty, Malt and Sales Tax.

Approximately 5,700,000 gallons of beer were sold within the Province during the Fiscal Year, and of this quantity 5,645,000 were of local manufacture.

Packages of liquor shipped by Express to permittees residing at points where Government Liquor Stores are not located totalled 30,056, at a cost for Express of \$10,972.10. This charge is defrayed by the Board.

In addition, 3,872 packages were sent by mail, at a cost to the Board of \$3,050.45.

GENERAL INFORMATION

While the following remarks do not in their entirety apply to the period covered by this Report, the Board feels that it is very desirable that the Members of the Legislature should be acquainted with the unusual conditions under which the Board is presently operating. This review covers, in general, the first complete twelve-month period following the Beverage Year, as defined by the Wartime Alcoholic Beverages Order 1942.

Various types of restrictions, which have become necessary as a direct result of the Ottawa Wartime Alcoholic Beverages Order 1942, are irritating in the extreme, but unfortunately, neither the Liquor Control Board nor the Provincial Government can do much about it. The only objective is fair and equitable distribution of the reduced available supply. The people themselves automatically established their own quota by the amount of their purchases during the base year, November 1st, 1941, to October 31st, 1942, and the Dominion Government, by their Wartime Alcoholic Beverages Order, established the restrictions, which have resulted in a reduced supply. On the other hand, a very much increased buying power, and an increased population, coupled with restrictive measures, have had the inevitable result of a very much increased demand.

A comparison in the number and personnel of Permittees at the present time, and during the period previous to the imposition of existing restrictions, proves a very interesting study. For many years previous to December, 1941, the total issue of Permits in this Province was approximately 130,000. The year 1942 proved to be a record, when slightly over 198,000 were issued, but 1943 established a new high of over 401,000. Increased buying power has a great deal to do with this situation, but the fact that there is some measure of restriction is perhaps the greatest factor in creating a desire on the part of individuals to secure more of any given product than they might otherwise be interested in buying.

While liquor is restricted, it is not rationed, and the amount of liquor, wine and beer that was purchased by the people of the Province of Alberta during the year beginning November 1st, 1941, and ending October 31st, 1942, is the basis of the Provincial quota. The

Dominion Government Wartime Alcoholic Beverages Order provides that the various producers, that is, Distilleries, Wineries and Breweries, can sell to the Alberta Liquor Control Board an amount not in excess of 70%, in proof gallons, in the case of liquor; 80% of the wine, and 90% of the beer; the latter two measured in Imperial Gallons. This means, of course, in effect, that anyone who purchased liquor, wine or beer in the Province of Alberta during the base year would naturally be entitled to like percentages, but this in turn is a physical impossibility, because of the fact that many who did not establish a quota at all are today purchasing one, or, in some cases, all of the three types of beverage.

You will note that the above restrictions are effective both on the producer and on the Liquor Control Board, that is, the producer cannot sell and the Board cannot purchase in excess of the percentages named in relation to the base year. This restriction is effective regardless of the amount of beer, for instance, that any Brewery might have on hand or could produce. This provision is the same in all Provinces, and it is true also that like any other Wholesale or Retail Establishment, Liquor Control Boards carry a stock of merchandise, in each case of sufficient size for the transaction of normal business.

During the year which closed October 31st, 1943, which was the first twelve-month period succeeding the base year, practically all Boards in the Dominion sold an amount in excess of that which was procurable. As an illustration, the Alberta Liquor Control Board received, during the basic year, 242,611.28 proof gallons of liquor. On the 70% basis, this would mean that we could purchase 169,827.89 proof gallons. Actually, we were only able to obtain 157,009.73 proof gallons, whereas our actual sales for the year were 218,207.95 proof gallons, which means that during the period we allowed the public to purchase 28.4% more than the Dominion Government quota, or 38.9% more than the Distilleries were able to supply. The difference, of course, was taken out of stocks previously on hand. The term "liquor" is used to indicate such lines as Scotch, Rye, Gin, Brandy, Liqueurs, Rum, etc., and our purchases of each must bear a close ratio to the quantities of each purchased during the base year, not because of specific requirements of the Wartime Alcoholic Beverages Order, but because it is impossible for producers to depart very far from such ratio. Substitutions are rare and of minor importance.

In the case of Wine the comparison is again very interesting. For the basic year we purchased 163,931.93 Imperial Gallons. 80% would represent 131,145.54 Imperial Gallons, whereas we were only able to procure from the Wineries 124,527.43 Imperial Gallons. On the other hand, our actual sales for the period were 185,839.91 Imperial Gallons. In other words, we allowed the public to purchase 41.7% more than the Dominion Government quota, and 49.2% more than the Wineries supplied. Again, as in the case of the liquor, the excess sale meant a reduction of stock on hand, which cannot be replaced under present restrictions.

A brief review of the beer situation as it exists at the present time is perhaps also interesting. For instance, in January, 1942, Permittees in the Province of Alberta purchased 46,654 Dozen. In

In January, 1944, they purchased 47,000 Dozen, and all Stores were, of course, out of beer shortly after the middle of the month. In February, 1942, Permittees purchased 45,173 Dozen, whereas our quota for February, 1944, is 68,000 Dozen. Our sales to Permittees in the basic year were 895,498 Dozen. 90% of this figure would represent 805,950 Dozen. The amount available to Permittees for the period from November 1st, 1943, to October 31st, 1944, will definitely be in excess of the basic year's sales.

The suggestion has been made that the maximum quota per month should be reduced to a point where everyone would be able to secure such a quota. There are several factors involved, and the situation becomes somewhat complicated because of the fact that containers for all the various types of beverages are standard and regulated in size and description by National Government Order. It would therefore be impossible to procure a package sufficiently small to guarantee a monthly quota to all, in spite of the fact that a monthly quota appears to be desirable. But there is still a greater factor involved, namely, that of the fluctuating number of Permittees. It is true that the Board knows the maximum quantity, in gallons, that will be procurable throughout the year, and because of possible loss in transportation, or loss by fire or other hazard in connection with the producers' warehouses or plants, we may not receive this maximum quantity, but we have no means of knowing, on the other hand, how many Permittees we are going to have. For instance, during the year just closed, as above mentioned, we actually issued 401,434 Permits, but for the month of January, 1944, alone, we have actually issued over 150,000, and these Permittees have all been buying.

So far the demand for alcoholic beverages is apparently continuing to increase, and also, we have been able, thus far, to sell in excess of the amount procurable, but naturally, with the reduction and possible exhaustion of our stocks on hand, we must look forward to the time when we can no longer sell in excess of what it is possible to purchase.

A brief reference to the strength and price at which liquor is presently being sold may, in some measure, clear up a misunderstanding which has resulted from reading some of the items that have been published about this subject. Some people appear to be under the impression that previous to the imposition of restrictions by the Dominion Government, liquor was sold at a strength indicated as Proof. This, of course, is incorrect. Practically all Whiskies were sold at 24.7 Under-Proof, but in the case of certain brands marketed by almost every Liquor Board, at least one line was bottled at 30 Under-Proof, which is the present strength required by the Wartime Alcoholic Beverages Order. To reduce from a strength of 24.7 Under-Proof to 30 Under-Proof requires the addition of 3.03% of water. But the important point is, that liquor is bottled by the Distilleries in accordance with the strict requirements of the Wartime Alcoholic Beverages Order, and is sold to the consumer exactly as received by the Board. A few lines are bottled by the Alberta Liquor Control Board, and these, as well as those bottled by the Distilleries, are all under strict supervision by the Officials of the Customs and Excise Departments of the Dominion Government, and Duties and Excise are, of course, calculated on the basis of the strength determined by the Officials. So far as price is concerned, that too must be maintained in accordance with the provisions of the agreement

entered into between the Dominion and Provincial Governments. On March 3rd, 1943, a revision of the Customs Duties and Excise Taxes resulted in an increase of \$2.00 per proof gallon on Alcoholic Spirits. In addition to this increase the Dominion Government suggested that they were prepared to indemnify the Province for loss of revenue, should such loss result from the restrictions imposed by the Senior Government, provided, however, that in order to qualify for such indemnity, the Province would further increase their prices to the public by another \$2.00 per gallon. This arrangement, of course, applied to all Provinces, and without exception, the various Provinces acted in accordance therewith.

STAFF

Notwithstanding the increasingly difficult problems that have, from day to day, made the work more exacting, the Board does appreciate the fact that the members of the staff have loyally and efficiently tried to discharge their duties to the satisfaction of all concerned. We do wish to express our thanks for their co-operation.

The Board wishes to express gratitude for the tolerance exhibited by the public in connection with the many irritations which restrictions create.

JOHN A. KING,
Chairman.

J. F. PERCIVAL,
Member.

STATEMENT "A"
ALBERTA LIQUOR CONTROL BOARD
BALANCE SHEET AS AT MARCH 31, 1943

ASSETS

Cash on hand, in banks and in transit.....	\$ 117,375.65
Cash in Treasury Branches	33,987.06
INVENTORIES:	
Stocks of liquor in bond at cost.....	\$ 448,717.82
Stocks of liquor in warehouses and stores at warehouse cost.....	648,000.52
	<u>\$1,096,718.34</u>
Liquor in transit, prepaid.....	10,892.00
Containers on hand.....	1,958.19
	<u>1,109,568.53</u>
Accounts receivable.....	19,470.18
Automobiles, furniture and fixtures at cost less reserve for depreciation.....	13,152.70
Prepaid Charges.....	15,452.65
Superannuation Fund, net assets per Statement "G".....	99,243.80
	<u>\$1,408,250.57</u>

LIABILITIES

Bank of Montreal, overdraft.....	\$ 90,175.26
Accounts Payable.....	884,852.99
Due to Superannuation Fund	1,924.51
Unearned License Revenue	46,834.12
RESERVES:	
Burglary.....	\$ 10,000.00
General.....	250,000.00
Superannuation Fund.....	99,243.80
	<u>359,243.80</u>
PROVINCIAL TREASURER:	
Unremitted Income at March 31, 1942.....	14,771.48
Income for year ended March 31, 1943:	
Liquor Profits and License Fees	4,908,376.14
Permit Fees.....	141,840.25
	<u>\$5,064,987.87</u>
Less:	
Remittances for year ended	
March 31, 1943.....	\$4,989,767.98
Transferred to General Reserve.....	50,000.00
	<u>5,039,767.98</u>
	25,219.89
	<u>\$1,408,250.57</u>
CONTINGENT LIABILITY:	
Present value of non-contributory pensions which may be awarded upon employees reaching re- tirement age	<u>\$ 402,775.46</u>

JOHN A. KING, Chairman.

R. P. LEFROY, Accountant.

Edmonton, Alberta, July 13, 1943.

I have audited the books and records of the Alberta Liquor Control Board for the year ended March 31, 1943.

Physical inventories of liquors and containers were taken at March 31, 1943, by officials of the Board. Quantities were certified by respective warehouse and store managers. Cost of transferring stocks from warehouses to stores was not included in the inventory valuation. Inventories included goods on consignment amounting to \$336,074.50, the corresponding liability being included with accounts payable on the Balance Sheet.

Subject to the foregoing remarks, I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Liquor Control Board as at March 31, 1943, according to information and explanations given to me and as shown by the books of the Board, and the accompanying Revenue and Expenditure Statement correctly sets forth the result of operations for the year ended at that date.

C. K. HUCKVALE, C.A.,
Provincial Auditor.

ALBERTA LIQUOR CONTROL BOARD

STATEMENT "B"

ALBERTA LIQUOR CONTROL BOARD

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED MARCH 31, 1943

	Liquor	Beer	Total
Gross sales.....	\$7,545,317.84	\$9,423,508.94	\$16,968,826.78
Less: Cost of goods sold.....	4,051,950.48	7,562,291.37	11,614,241.85
	<u>\$3,493,367.36</u>	<u>\$1,861,217.57</u>	<u>\$ 5,354,584.93</u>
Less: Stores' operating expenses.....			721,548.03
			<u>\$4,633,036.90</u>
Add: Special Income:			
License fees.....		\$ 301,322.03	
Less: License expense.....		20,097.37	
		<u>\$ 281,224.66</u>	
Sundry revenue.....		17,340.06	
Interest earned on bank balance.....		2,666.39	
		<u></u>	<u>301,231.11</u>
Net operating profit.....			<u>\$4,934,268.01</u>
Less: Non-operating expense:			
Capitalized value of non-contributory pensions awarded and interest.....		\$ 23,749.98	
Permit expense.....		1,912.78	
Bottle salvage, net loss.....		229.11	
		<u></u>	<u>25,891.87</u>
Net Income for the year ended March 31, 1943.....			<u><u>\$4,908,376.14</u></u>

STATEMENT "C"
ALBERTA LIQUOR CONTROL BOARD
COST OF GOODS SOLD

FOR THE YEAR ENDED MARCH 31, 1943

Inventory, March 31, 1942:		
Liquor	\$1,111,056.64	
Beer	128,937.58	
		<u>\$1,239,994.22</u>
Add:		
Purchases, liquor	\$1,291,849.06	
Purchases, confiscated liquor	257.60	
Purchases, jugs and bottles	40,063.88	
Duty and sales tax	2,311,667.02	
Inward freight	216,208.22	
Marine insurance	60,353.46	
	<u>\$3,920,399.24</u>	
Purchases, beer	7,572,026.87	
		<u>11,492,426.11</u>
		<u>\$12,732,420.33</u>
Less:		
Cash and trade discounts	\$ 14,524.45	
Claims	6,771.12	
Breakages	164.57	
		<u>21,460.14</u>
		<u>\$12,710,960.19</u>
Less: Inventory, March 31, 1943:		
Liquor	\$ 958,045.26	
Beer	138,673.08	
		<u>1,096,718.34</u>
Cost of goods sold for the year ended March 31, 1943		<u><u>\$11,614,241.85</u></u>

APPENDIX "A"

STATEMENT SHOWING BREWERS', BEER, CLUB AND
CANTEEN LICENSES ISSUED, WITH RECORD OF
CANCELLATIONS AND SUSPENSIONS

BREWERS' LICENSES ISSUED, 1942

License Number	Name of Brewery	Place
1	Edmonton Breweries Limited	Edmonton
2	Lethbridge Breweries Limited.....	Lethbridge
3	Calgary Brewing and Malting Company Limited	Calgary
4	North West Brewing Company Limited.....	Edmonton
5	Big Horn Brewing Company Limited.....	Calgary

SUSPENSIONS OF BREWERY PRIVILEGES, 1942

Nil.

NUMBER OF BEER LICENSES IN FORCE AT

DECEMBER 31st, 1942..... 379

SUSPENSIONS OF BEER LICENSES, 1942

Three Hills Hotel, Three Hills: Three Hills Hotel Company Limited, Milton Saul, Manager, Licensee. Beer License No. 275. Off-premises sale privileges withdrawn from June 8th to June 15th, (inclusive), 1942. Infraction Regulation No. 4.

Alberta Hotel, Edmonton: Jasper Hotels Limited, Louis Lucas, Manager, Licensee. Beer License No. 281 suspended from November 27th to December 6th, (inclusive), 1942. Infraction Section 36 (4), Government Liquor Control Act of Alberta.

Hub Hotel, Edmonton: H. C. Pettet Limited, H. C. Pettet, Manager, Licensee. Beer License No. 1 suspended from November 29th to December 6th, (inclusive), 1942. Infraction Section 36 (4), Government Liquor Control Act of Alberta.

Donald Hotel, Hythe: Hotel Donald Company Limited, Francis Donald, Manager, Licensee. Beer License No. 364 suspended from November 26th to December 4th, (inclusive), 1942. Infraction Section 36a, Government Liquor Control Act of Alberta.

Clandonald Hotel, Clandonald: Charles Dunlop, Licensee. Beer License No. 100 suspended from November 28th to December 11th, (inclusive), 1942. Infraction Section 36 (4), Government Liquor Control Act of Alberta.

Milo Hotel, Milo: Earl A. Jones, Licensee. Beer License No. 368 suspended from December 7th to December 13th, (inclusive), 1942. Infraction Section 36 (4), Government Liquor Control Act of Alberta.

NUMBER OF CLUB LICENSES IN FORCE AT

DECEMBER 31st, 1942..... 52

SUSPENSIONS OF CLUB LICENSES, 1942

Benevolent and Protective Order of Elks, Lodge No. 4, Calgary: Club License No. 4 suspended from July 7th to August 1st, (inclusive), 1942. Unsatisfactory conduct of premises.

NUMBER OF CANTEEN LICENSES IN FORCE AT

DECEMBER 31st, 1942..... 72

SUSPENSIONS OF CANTEEN LICENSES, 1942

Nil.

APPENDIX "B"

STAFF AS AT MARCH 31st, 1943

	Male	Female	Temporary and Casual	Total
ADMINISTRATIVE OFFICES:				
Chairman.....	1			1
Member of Board (part time)	1			1
Secretary to Chairman		1		1
Secretary's Office	1	1		2
DEPARTMENTS:				
Accountant's.....	10	2	7	19
Beer Statistics.....	5	1	1	7
Licensing.....	5	1	1	7
Liquor Stocks.....	3	2	2	7
Traffic and Customs	3	2	3	8
WAREHOUSES.....	52	3	26	81
STORES.....	106		61	167
TOTAL	187	13	101	301

At March 31st, 1943, 33 members of the Permanent Staff were on leave of absence, serving with His Majesty's Forces, and are not included in the above.

